

New funding may ease school tax burden

Written by Steve Ostermann
Wednesday, 25 August 2010 17:21

Besides receiving more state aid, district finds itself in line for \$679,000 from federal Education Jobs Fund

Grafton School District officials are poised to tap into new funding sources to pare operating costs in the 2010-11 budget.

Last week, the School Board adopted a second draft of the budget that calls for a 3.42% tax-rate increase to support a \$24 million spending package.

The proposed rate hike was trimmed from a first-draft increase of 4.37% after the district received \$130,000 more in state equalized aid than originally expected, Business Manager Don Amundson told the board.

Based on the 3.42% hike, the owner of a \$250,000 house would pay \$2,698 in taxes, or \$89 more, to support school spending in 2010-11.

The increase in state aid occurred, Amundson reported, because the district reduced its shared cost for the 2009-10 school year by about \$500,000.

Supt. Jeff Pechura said an even greater potential impact on the budget is \$679,000 the district anticipates receiving from the Education Jobs Fund. Under the federal program, school districts awarded funds can use the money to defray the cost of staff salaries and benefits but must do so by Sept. 1, 2012.

Wisconsin has been awarded nearly \$180 million of the \$10 billion fund, which will be distributed to districts using the state's general equalization aid formula.

"The challenge we face is whether to spend the money this year, which would lower the tax levy now, but then not have it available next year," Pechura said. "It's a pay me now or pay me later situation."

The board adopted the second draft of the budget for the annual meeting on Sept. 27, when district voters will approve the levy. However, further adjustments are expected before the budget is approved.

As it now stands, the budget calls for a total levy of \$16.62 million, up \$549,353 from 2009-10. Amundson calculated the 3.42% tax-rate hike using no increase in the district's total property valuation, which has yet to be finalized.

The district expects to receive \$7.26 million in state equalized aid, \$30,000 less than in 2009-10.

School officials again face difficult financial decisions, though not as tough as last fall, when they came under fire for approving a budget that required a 13.3% tax-rate increase. At that

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time, district officials cited a loss of \$1.1 million in state equalized aid as the biggest factor in what they said was an unavoidable tax hike.

The aid reduction came after the board finalized a new contract with the Grafton Education Association that gave teachers a 4% increase in salary and benefits for 2009-10 and a 3.8% increase for 2010-11.

Pechura said the Finance Committee will meet to discuss options for using the \$679,000 in federal funding and forward a recommendation to the board next month.

“It certainly gives us a chance to cut the tax levy this year, but it’s not a long-term solution,” he said. “Every district is facing tough challenges with their budgets.

“This is really a temporary fix to what’s become a permanent problem in education.”